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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

27 January 1981
NFAC 385-81

MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director for National Foreign Assessment
National Intelligence Officer for WarningFROM : [REDACTED]
Assistant National Intelligence Officer for
Western Europe

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SUBJECT : Monthly Warning Assessment: Western Europe

ANTI-NUCLEAR ACTIVITIES

1. Fresh waves of opposition to nuclear weapons have arisen in several West European countries in recent weeks. If sustained, they could damage both prospects for LRTNF deployment and overall public support for NATO's defense posture.

-- In early January, Norwegian Prime Minister Nordli advocated a Nordic nuclear free zone if it could be achieved as part of a wider denuclearization in Europe including parts of the Soviet Union. Though intended mainly to placate the ruling Labor Party's left wing after the government approved plans for pre-positioning US military equipment in central Norway, the proposal might also encourage less carefully qualified opposition to nuclear weapons both within Norway and elsewhere.

-- Social Democratic leaders from Norway, Denmark, Belgium and the Netherlands met in Amsterdam 10 January to consider how they might review LRTNF deployment in Europe if parallel arms control talks or the SALT process as a whole should break down. Another discussion is planned for next month in Oslo, perhaps including the British Labor Party, the West German SPD, and the Italian Socialists. These may be early signs of the widespread public reassessment of NATO's December 1979 decision we have anticipated.

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-- The Dutch, almost sure to reject LRTNF deployment on their soil in any event, continue to press in NATO for a reduction of their present nuclear role. Vague proposals for "thinning out" nuclear weapons in Europe have also appeared in Norway.

-- The British Labor Party, since the left wing won leadership in October, has outspokenly advocated nuclear disarmament for the UK. Should an economic crisis unexpectedly bring Labor to power before 1984, LRTNF deployment even in the UK could be jeopardized.

2. The Soviets are encouraging a West European campaign against TNF, but we do not believe Soviet inspiration is a sufficient explanation for this activity. In Western Europe, especially because of its exposed geopolitical situation, opposition to nuclear weapons is widespread if often latent: it will remain vulnerable to agitation especially if arms control progress seems to be in danger.

UK POLITICAL AND ECONOMIC OUTLOOK

3. Prime Minister Thatcher is not likely to abandon her economic program any time soon, but she has only this year to achieve at least the first signs of a turnaround in the economy. Otherwise she could face serious dissent from within her own party, and some risk that a severe crisis could bring down her government before the next elections are due in 1984.

4. For now, the Labor Party's internal battles and shift to the left -- which is likely to be more enduring than such tendencies in the past -- have hurt Labor's credibility as an alternative to the Tories. But if Thatcher's policies do not finally salvage the economy, voters would almost certainly turn heavily to Labor despite its radical positions on defense and even if some moderates walk out of the party.

5. The Tories will remain committed to a strong defense effort as long as they are in power, but they will have to scale down some military programs and activities -- in the short run because of budgetary constraints and in the longer run because of the high cost of Trident.

FRANCE

6. On present evidence, President Giscard seems likely to win re-election this spring. But his present "troubles" -- scandals and declining personal popularity, conflicts with the press and difficulties in the economy, embarrassment over Libya's success in Chad, and a more general political malaise arising partly from the lack of any apparent alternative to seven more years of Giscardian government -- may presage a far more stressful second term for him, perhaps with pressures from labor growing especially strong.

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ITALY: POLITICAL OUTLOOK

7. Early parliamentary elections -- this spring or in June -- seem increasingly likely as the Socialists seek to define for themselves a distinct political role within the governing coalition and as the Communists increase their pressure on it. These maneuvers will prevent any substantial progress on the real economic problems the country faces and exacerbate divisions among the Christian Democrats, who will probably suffer most if elections are held soon. If his party makes major gains, Socialist leader Craxi will press for the prime ministership; if the PCI improves its position substantially, it is certain to press for cabinet participation in the new government.

TURKEY: ECONOMIC OUTLOOK

8. In view of the magnitude of Turkey's economic problems, its year-old stabilization program is moving forward fairly well. In particular, the rate of inflation has slowed and frequent devaluations of the lira have increased foreign exchange earnings. If aid from abroad is as great this year as last, Turkey should see continuing if gradual recovery and some resumption of growth in 1981. A near term uncertainty is adequate oil supplies for the winter. A longer term question is whether, even under the disciplined government of the generals, Turkey will be able to trim the enormously inefficient state-controlled sectors of the economy enough to permit the thoroughgoing reform the country needs.

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